

Group Term Life and AD&D Insurance

GROUP TERM LIFE/ AD&D

Why isn't Guarantee Issue offered at open enrollment anymore?

The State's prior practice of offering guaranteed issue at open enrollment caused adverse selection against the plan and increased premiums. By limiting guarantee issue, the State was able to hold down the Optional Life rates for 2004.

Will Guarantee Issue be available at all?

Yes. Employees who apply within thirty days of their initial eligibility (i.e. date of hire) will be offered the opportunity to purchase up to \$60,000 of Optional Life without evidence of insurability. Their Spouse may purchase up to half of that amount without evidence of insurability. Additionally, when an Employee marries, has a baby or adopts, he/she may apply for up to \$60,000 and the Spouse may apply for up to \$30,000 within 31 days of the event without evidence of insurability. An Employee may also apply for Dependent Child life insurance benefits at the same time. An Employee or Spouse may apply for more than the guaranteed issue amount but a Medical History Statement must accompany the application.

Why is Spouse coverage limited?

When we analyzed death claims, it was apparent that claims for spouses were disproportionately greater than for employees. The disparity may be due to the "actively at work" requirement which applies to employees but cannot be applied to spouses. By limiting spouse coverage to fifty percent of employee coverage, we feel we can balance the risk of adverse selection by encouraging healthy employees who might not otherwise enroll to do so. We did not want to eliminate guarantee issue altogether.

My spouse currently has optional life insurance. Can she keep it, or do I now have to apply?

Current levels of coverage are "grandfathered" but upgrades (or downgrades) will be subject to the new rules. By way of example, assume you and your spouse currently each have \$20,000 of optional life. You may keep it that way if you choose, but if your spouse now wants to apply for \$50,000, you must apply for and be issued at least \$100,000.

My spouse is healthy, but I am not. What if I am not approved for additional coverage?

Your spouse will not be issued more than half of the amount issued to you even if he/she is healthier than you.